

TOWN OF CLIFTON PARK, NEW YORK
REGULATORY BASIS FINANCIAL STATEMENTS
DECEMBER 31, 2011

TOWN OF CLIFTON PARK, NEW YORK

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CUSACK & COMPANY
Certified Public Accountants LLC
7 AIRPORT PARK BOULEVARD
LATHAM, NEW YORK 12110
(518) 786-3550
FAX (518) 786-1538
E-MAIL ADDRESS: INFO@CUSACKCPA.COM
WWW.CUSACKCPA.COM

CLIFTON PARK/HALFMOON OFFICE
(518) 664-7063
FAX (518) 541-3083

MEMBERS OF:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
AND
NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Supervisor and Members of
the Town Board of the Town
of Clifton Park, New York

We have audited the accompanying regulatory basis financial statements of the Town of Clifton Park, New York, as of and for the year ended December 31, 2011, as listed in the table of contents. These financial statements are the responsibility of the Town of Clifton Park, New York's management. Our responsibility is to express an opinion on these regulatory basis financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the regulatory basis financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the regulatory basis financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall regulatory basis financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Town prepared these financial statements using accounting principles prescribed by the New York State Office of the State Comptroller to demonstrate compliance with the State's regulatory basis of accounting, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matters discussed in the preceding paragraphs, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Town of Clifton Park, New York, as of December 31, 2011, and the changes in its financial position for the year then ended. Further, the Town of Clifton Park, New York, has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

As described in Note 1 (k), the Town has not recorded other postemployment benefits in accordance with generally accepted accounting principles. The amounts that would have been recorded in the long-term debt account group had other postemployment benefits been recorded in accordance with generally accepted accounting principles is not known.

In our opinion, except for the recording of other postemployment benefits as described previously, the regulatory basis financial statements referred to above present fairly, in all material respects, the financial position of the Town of Clifton Park, New York as of December 31, 2011, and the results of its operations for the year then ended in conformity with accounting principles prescribed by the New York State Office of the State Comptroller.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2012, on our consideration of the Town of Clifton Park's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting and compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the regulatory basis financial statements taken as a whole. The accompanying schedule of expenditures of federal awards on page 38 is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and is not a required part of the regulatory basis financial statements. Such information has been subjected to the auditing procedures applied in the audit of the regulatory basis financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the regulatory basis financial statements taken as a whole.



CUSACK & COMPANY, CPA'S LLC

Latham, New York
September 21, 2012

TOWN OF CLIFTON PARK, NEW YORK

GENERAL FUND

REGULATORY BASIS BALANCE SHEET

DECEMBER 31, 2011

Assets

Cash	\$ 6,179,959
Cash - restricted	133,627
Other receivables	707,119
State and Federal receivables	364,744
Due from other funds	2,164,125
Due from other governments	1,929,705
Prepaid expenses	<u>608,166</u>

Total Assets \$ 12,087,445

Liabilities

Accounts payable	\$ 226,856
Accrued liabilities	383,205
Due to other funds	2,287
Deferred revenues	<u>617,705</u>

Total Liabilities 1,230,053

Fund Balance

Nonspendable	608,166
Restricted	133,627
Assigned	3,098,457
Unassigned	<u>7,017,142</u>

Total Fund Balance 10,857,392

Total Liabilities and Fund Balance \$ 12,087,445

TOWN OF CLIFTON PARK, NEW YORK

GENERAL FUND

REGULATORY BASIS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED DECEMBER 31, 2011

	Modified Budget	* Actual	Encumbrances	Variance
Revenues				
Real property tax items	\$ 131,023	\$ 131,116	\$ -	\$ 93
Non-property tax items	10,074,738	10,074,738	-	-
Departmental income	1,403,425	1,754,824	-	351,399
Use of money and property	590,050	594,383	-	4,333
Licenses and permits	235,000	239,921	-	4,921
Fines and forfeitures	584,475	584,546	-	71
Sales of property and compensation for loss	800	5,083	-	4,283
Miscellaneous local sources	26,000	378,870	-	352,870
Interfund revenues	211,000	226,209	-	15,209
State aid	1,725,155	1,699,073	-	(26,082)
Federal aid	<u>20,000</u>	<u>265,608</u>	<u>-</u>	<u>245,608</u>
Total Revenues	<u>15,001,666</u>	<u>15,954,371</u>	<u>-</u>	<u>952,705</u>
Expenditures				
General government support	3,158,929	2,766,115	5,024	387,790
Public safety	1,853,963	1,774,489	3,384	76,090
Health	25,000	21,690	-	3,310
Transportation	476,259	407,042	400	68,817
Economic assistance and opportunity	303,580	298,866	-	4,714
Culture and recreation	3,152,843	2,960,270	72,768	119,805
Home and community services	1,123,089	1,077,816	5,316	39,957
Employee benefits	2,611,085	2,582,797	-	28,288
Debt service (principal and interest)	<u>5,655</u>	<u>5,655</u>	<u>-</u>	<u>-</u>
Total Expenditures	12,710,403	11,894,740	86,892	728,771
Other Financing Uses				
Operating transfers	<u>3,785,716</u>	<u>3,799,698</u>	<u>-</u>	<u>(13,982)</u>
Total Expenditures and Other Financing Uses	<u>16,496,119</u>	<u>15,694,438</u>	<u>86,892</u>	<u>714,789</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Uses	<u>\$ (1,494,453)</u>	259,933	<u>\$ (86,892)</u>	<u>\$ 1,667,494</u>
Fund Balance - January 1, 2011		<u>10,597,459</u>		
Fund Balance - December 31, 2011		<u>\$ 10,857,392</u>		

* Actual Departmental Revenue and Home and Community Services have been reduced by \$87,909 to reflect escrow receipts and payments which are not budgeted.

Transportation has been increased and Home and Community Services has been decreased by \$65,395 to reflect storm sewer payments charged to Home and Community Services but budgeted under Transportation.

TOWN OF CLIFTON PARK, NEW YORK
HIGHWAY FUND

Regulatory Basis Balance Sheet
December 31, 2011

Assets	
Cash	\$ 494,007
Other receivables	34,205
State and Federal receivables	130,965
Due from other governments	24,222
Prepaid expenses	323,670
Due from other funds	55,173
Total Assets	<u>\$ 1,062,242</u>
Liabilities	
Accounts payable	\$ 130,733
Accrued liabilities	69,640
Deferred revenue	123,595
Due to other funds	288,430
Total Liabilities	<u>612,398</u>
Fund Balance	
Nonspendable	323,670
Assigned	126,174
Total Fund Balance	<u>449,844</u>
Total Liabilities and Fund Balance	<u>\$ 1,062,242</u>

Regulatory Basis Statement of Revenue, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2011

	<u>Modified</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Real property tax	\$ 419,734	\$ 419,736	\$ 2
Real property tax items	36,039	34,944	(1,095)
Use of money and property	390,000	377,150	(12,850)
Sales of property and compensation for loss	-	2,856	2,856
Miscellaneous	-	3,136	3,136
State aid	260,000	229,392	(30,608)
Total Revenues	<u>1,105,773</u>	<u>1,067,214</u>	<u>(38,559)</u>
Other Financing Sources			
Operating transfers	3,785,716	3,785,716	-
Total Revenues and Other Financing Sources	<u>4,891,489</u>	<u>4,852,930</u>	<u>(38,559)</u>
Expenditures			
Transportation	4,020,928	4,014,270	6,658
Employee benefits	1,029,456	1,022,999	6,457
Debt service	178,683	178,683	-
Total Expenditures	<u>5,229,067</u>	<u>5,215,952</u>	<u>13,115</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures	<u>\$ (337,578)</u>	<u>(363,022)</u>	<u>\$ (25,444)</u>
Fund Balance - January 1, 2011		<u>812,866</u>	
Fund Balance - December 31, 2011		<u>\$ 449,844</u>	

TOWN OF CLIFTON PARK, NEW YORK
WATER FUND

Regulatory Basis Balance Sheet
December 31, 2011

Assets	
Cash	\$ 139,288
Other receivables	2,522
Due from other funds	11,085
Total Assets	<u>\$ 152,895</u>
Liabilities	
Accounts payable	\$ 10,353
Accrued liabilities	877
Due to other funds	159,329
Total Liabilities	<u>170,559</u>
Fund Balance	
Unassigned	<u>(17,664)</u>
Total Fund Balance	<u>(17,664)</u>
Total Liabilities and Fund Balance	<u>\$ 152,895</u>

Regulatory Basis Statement of Revenue, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2011

	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Real property tax	\$ 71,460	\$ 71,460	\$ -
Departmental income	4,888	15,892	11,004
Use of money and property	15	1,160	1,145
Total Revenues	<u>76,363</u>	<u>88,512</u>	<u>12,149</u>
Expenditures			
Home and community services	14,017	25,129	(11,112)
Debt service (principal and interest)	67,686	71,908	(4,222)
Total Expenditures	<u>81,703</u>	<u>97,037</u>	<u>(15,334)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (5,340)</u>	(8,525)	<u>\$ (3,185)</u>
Fund Balance (Deficit) - January 1, 2011		<u>(9,139)</u>	
Fund Balance (Deficit) - December 31, 2011		<u>\$ (17,664)</u>	

TOWN OF CLIFTON PARK, NEW YORK
SEWER FUND

Regulatory Basis Balance Sheet
December 31, 2011

Assets	
Cash	\$ 1,442,055
Other receivables	47,867
State and Federal receivables	37,558
Due from other funds	18,731
Due from other governments	1,033
Prepaid expenses	15,049
Total Assets	<u>\$ 1,562,293</u>
Liabilities	
Accounts payable	\$ 62,653
Accrued liabilities	37,474
Deferred revenues	71,375
Due to other funds	49,354
Total Liabilities	<u>220,856</u>
Fund Balance	
Nonspendable	15,049
Restricted	29,830
Assigned	1,296,558
Total Fund Balance	<u>1,341,437</u>
Total Liabilities and Fund Balance	<u>\$ 1,562,293</u>

Regulatory Basis Statement of Revenue, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2011

	<u>Modified Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Variance</u>
Revenues				
Real property tax	\$ 789,104	\$ 789,104	\$ -	\$ -
Real property tax items	14,325	3,458	-	(10,867)
Departmental income	114,100	120,607	-	6,507
Intragovernmental charges	104,673	111,746	-	7,073
Use of money and property	1,999	5,819	-	3,820
Miscellaneous local sources	-	10,836	-	10,836
Total Revenue	<u>1,024,201</u>	<u>1,041,570</u>	<u>-</u>	<u>17,369</u>
Expenditures				
Home and community services	842,093	769,611	-	72,482
Employee benefits	98,726	86,799	-	11,927
Debt service (principal and interest)	110,650	109,457	-	1,193
Total Expenditures	<u>1,051,469</u>	<u>965,867</u>	<u>-</u>	<u>85,602</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (27,268)</u>	<u>75,703</u>	<u>\$ -</u>	<u>\$ 102,971</u>
Fund Balance - January 1, 2011		<u>1,265,734</u>		
Fund Balance - December 31, 2011		<u>\$ 1,341,437</u>		

TOWN OF CLIFTON PARK, NEW YORK
REFUSE AND GARBAGE FUND

Regulatory Basis Balance Sheet
December 31, 2011

Assets		
Cash	\$	<u>119,577</u>
Total Assets	\$	<u><u>119,577</u></u>
Liabilities		
Accounts payable	\$	579
Due to other funds		<u>57,294</u>
Total Liabilities		<u>57,873</u>
Fund Balance		
Assigned		<u>61,704</u>
Total Fund Balance		<u>61,704</u>
Total Liabilities and Fund Balance	\$	<u><u>119,577</u></u>

Regulatory Basis Statement of Revenue, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2011

	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenue			
Real property taxes and tax items	\$ 94,100	\$ 94,324	\$ 224
Use of money and property	<u>-</u>	<u>220</u>	<u>220</u>
Total Revenue	<u>94,100</u>	<u>94,544</u>	<u>444</u>
Expenditures			
Home and community services	<u>94,100</u>	<u>59,597</u>	<u>34,503</u>
Total Expenditures	<u>94,100</u>	<u>59,597</u>	<u>34,503</u>
Excess of Revenues Over Expenditures	<u>\$ -</u>	34,947	<u>\$ 34,947</u>
Fund Balance - January 1, 2011	-	<u>26,757</u>	
Fund Balance - December 31, 2011		<u><u>\$ 61,704</u></u>	

TOWN OF CLIFTON PARK, NEW YORK
PARK FUND

Regulatory Basis Balance Sheet
December 31, 2011

Assets	
Cash	\$ 659,071
Due from other funds	1,705
Total Assets	<u>\$ 660,776</u>
Liabilities	
Accounts payable	\$ 23,223
Accrued expenses	836
Due to other funds	88,890
Total Liabilities	<u>112,949</u>
Fund Balance	
Assigned	<u>547,827</u>
Total Fund Balance	<u>547,827</u>
Total Liabilities and Fund Balance	<u>\$ 660,776</u>

Regulatory Basis Statement of Revenue, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2011

	<u>Modified Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Variance</u>
Revenues				
Real property tax and property tax items	\$ 302,908	\$ 302,909	\$ -	\$ 1
Use of money and property	1,619	1,619	-	-
Departmental income	136,000	154,176	-	18,176
Use of money and property	2,281	3,208	-	927
Sales of property and compensation for loss	-	695	-	695
Miscellaneous	-	544	-	544
Total Revenues	<u>442,808</u>	<u>463,151</u>	<u>-</u>	<u>20,343</u>
Expenditures				
Culture and recreation	543,737	375,540	-	168,197
Employee benefits	8,882	8,103	-	779
Debt service	8,700	7,794	-	906
Total Expenditures	<u>561,319</u>	<u>391,437</u>	<u>-</u>	<u>169,882</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (118,511)</u>	71,714	<u>\$ -</u>	<u>\$ 190,225</u>
Fund Balance - January 1, 2011		<u>476,113</u>		
Fund Balance - December 31, 2011		<u>\$ 547,827</u>		

TOWN OF CLIFTON PARK, NEW YORK
LIGHTING FUND

Regulatory Basis Balance Sheet
December 31, 2011

Assets		
Cash	\$	<u>100.086</u>
Total Assets	\$	<u><u>100.086</u></u>
Liabilities		
Accounts payable	\$	15,533
Accrued expenses		<u>10.816</u>
Total Liabilities		<u>26.349</u>
Fund Balance		
Assigned		<u>73.737</u>
Total Fund Balance		<u>73.737</u>
Total Liabilities and Fund Balance	\$	<u><u>100.086</u></u>

Regulatory Basis Statement of Revenue, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2011

	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Real property tax	\$ 297,976	\$ 297,977	\$ 1
Use of money and property	<u>-</u>	<u>205</u>	<u>205</u>
Total Revenues	<u>297.976</u>	<u>298.182</u>	<u>206</u>
Expenditures			
Transportation	<u>297.976</u>	<u>238.345</u>	<u>59.631</u>
Total Expenditures	<u>297.976</u>	<u>238.345</u>	<u>59.631</u>
Excess of Revenues Over Expenditures	<u>\$ -</u>	59,837	<u>\$ 59.837</u>
Fund Balance (Deficit) - January 1, 2011	-	<u>13.900</u>	
Fund Balance - December 31, 2011		<u><u>\$ 73.737</u></u>	

TOWN OF CLIFTON PARK, NEW YORK
LIBRARY FUND

Regulatory Basis Statement of Revenue, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2011

	<u>Actual</u>
Revenues	
Intergovernmental charges	\$ 686.405
Total Revenues	<u>686.405</u>
Expenditures	
Debt service (principal and interest)	<u>686.405</u>
Total Expenditures	<u>686.405</u>
Excess of Revenues Over Expenditures	-
Fund Balance - January 1, 2011	<u>-</u>
Fund Balance - December 31, 2011	<u><u>\$ -</u></u>

TOWN OF CLIFTON PARK, NEW YORK
AMBULANCE FUND

Regulatory Basis Balance Sheet
December 31, 2011

Assets		
Cash	\$	697,349
Other receivables		<u>60,291</u>
Total Assets		<u><u>\$ 757,640</u></u>
Liabilities		
Due to other funds	\$	<u>368,000</u>
Fund Balance		
Assigned		<u>389,640</u>
Total Fund Balance		<u>389,640</u>
Total Liabilities and Fund Balance	\$	<u><u>757,640</u></u>

Regulatory Basis Statement of Revenue, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2011

	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Real property taxes	\$ 870,595	\$ 870,596	\$ 1
Departmental income	986,860	809,139	(177,721)
Use of money and property	<u>-</u>	<u>440</u>	<u>440</u>
Total Revenues	<u>1,857,455</u>	<u>1,680,175</u>	<u>(177,280)</u>
Expenditures			
Health	<u>1,857,455</u>	<u>1,857,455</u>	<u>-</u>
Total Expenditures	<u>1,857,455</u>	<u>1,857,455</u>	<u>-</u>
Deficiency of Revenues Over Expenditures	<u>\$ -</u>	(177,280)	<u>\$ (177,280)</u>
Fund Balance - January 1, 2011	-	<u>566,920</u>	
Fund Balance - December 31, 2011		<u><u>\$ 389,640</u></u>	

TOWN OF CLIFTON PARK, NEW YORK
SPECIAL GRANT FUND

Regulatory Basis Balance Sheet
December 31, 2011

Assets	
Cash	\$ 53,981
Total Assets	<u>\$ 53,981</u>
Liabilities	
Accrued expenses	\$ 382
Total Liabilities	<u>382</u>
Fund Balance	
Assigned	<u>53,599</u>
Total Fund Balance	<u>53,599</u>
Total Liabilities and Fund Balance	<u>\$ 53,981</u>

Regulatory Basis Statement of Revenue, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2011

	<u>Actual</u>
Revenues	
Use of money and property	\$ 30
Miscellaneous	2,474
Federal aid	<u>323,243</u>
Total Revenues	<u>325,747</u>
Expenditures	
Home and community services	<u>327,362</u>
Total Expenditures	<u>327,362</u>
Excess of Revenues Over Expenditures	(1,615)
Fund Balance - January 1, 2011	<u>55,214</u>
Fund Balance - December 31, 2011	<u>\$ 53,599</u>

TOWN OF CLIFTON PARK, NEW YORK
FIRE PROTECTION FUND

Regulatory Basis Statement of Revenue, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2011

	<u>Actual</u>
Revenue	
Real property taxes	\$ 349.617
Total Revenue	<u>349.617</u>
Expenditures	
Public safety	<u>349.617</u>
Total Expenditures	<u>349.617</u>
Excess of Revenues Over Expenditures	-
Fund Balance - January 1, 2011	<u>-</u>
Fund Balance - December 31, 2011	<u><u>\$ -</u></u>

TOWN OF CLIFTON PARK, NEW YORK
CAPITAL PROJECTS FUND

Regulatory Basis Balance Sheet
December 31, 2011

Assets	
Cash	\$ 496,098
Federal and State receivables	825,863
Due from other governments	5,884
Prepaid expenses	<u>3,167</u>
Total Assets	<u><u>\$ 1,331,012</u></u>
 Liabilities	
Accounts payable and retainage	\$ 65,362
Due to other funds	1,228,164
Deferred revenues	<u>832,883</u>
Total Liabilities	<u><u>2,126,409</u></u>
 Fund Balance	
Unassigned	<u>(795,397)</u>
Total Fund Balance	<u>(795,397)</u>
Total Liabilities and Fund Balance	<u><u>\$ 1,331,012</u></u>

Regulatory Basis Statement of Revenue, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2011

	<u>Actual</u>
Other Financing Sources	
Intergovernmental changes	\$ 7,394
State aid	339,417
Federal aid	229,957
Operating transfers	13,982
Proceeds from issues of serial bonds	1,358,300
Bond anticipation notes redeemed	<u>51,700</u>
Total Revenues and Other Financing Sources	<u><u>2,000,750</u></u>
 Expenditures	
Transportation	173,474
Culture and recreation	103,119
Home and community services	<u>45,071</u>
Total Expenditures	<u><u>321,664</u></u>
Deficiency of Other Financing Sources Over Expenditures	1,679,086
Fund Balance (Deficit) - January 1, 2011	<u>(2,474,483)</u>
Fund Balance (Deficit) - December 31, 2011	<u><u>\$ (795,397)</u></u>

TOWN OF CLIFTON PARK, NEW YORK
AGENCY FUND

Regulatory Basis Balance Sheet
December 31, 2011

Assets	
Cash	\$ 2,161,884
Due from other funds	214
Other assets	<u>16,263</u>
Total Assets	<u>\$ 2,178,361</u>
Liabilities	
Agency liabilities	\$ 2,169,076
Due to other funds	<u>9,285</u>
Total Liabilities	<u>\$ 2,178,361</u>

TOWN OF CLIFTON PARK, NEW YORK
NON-CURRENT GOVERNMENTAL ASSETS ACCOUNT GROUP

Regulatory Basis Balance Sheet
December 31, 2011

Assets	
Land	\$ 5,604,934
Improvements other than buildings	8,301,261
Buildings	8,438,369
Conservation easement	1,535,496
Infrastructure	76,400
Machinery & equipment	8,428,436
	<u>\$ 32,384,896</u>
Investment in Fixed Assets	<u>\$ 32,384,896</u>

TOWN OF CLIFTON PARK, NEW YORK
NON-CURRENT GOVERNMENTAL LIABILITIES ACCOUNT GROUP

Regulatory Basis Balance Sheet
December 31, 2011

Assets	
Due from the Clifton Park-Halfmoon Public Library	\$ 8,055,632
Provisions to be made in future budgets	<u>4,906,043</u>
Total Assets	<u>\$ 12,961,675</u>
Liabilities	
Landfill closure and post closure costs	\$ 200,000
Installment purchase debt	1,190,016
Judgments and claims payable	141,000
Compensated absences	1,065,359
Bonds payable	<u>10,365,300</u>
Total Liabilities	<u>\$ 12,961,675</u>

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Clifton Park, New York (“the Town”) have been prepared in conformity with accounting principles prescribed by the New York State Office of the State Comptroller for complying with Article 3, Section 30 of General Municipal Law in which every municipal corporation is required to make an annual financial report (Annual Update Document of “AUD”). The most significant difference between this regulatory basis of accounting and Generally Accepted Accounting Principles (“GAAP”) is that Government Accounting Standards Board (“GASB”) Statement 34 “Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments” need not be implemented to meet the requirements of General Municipal Law. GASB 34 requires significant changes including:

- Government-Wide Reporting
- Focus on Major Funds
- Changes in Budgetary Reporting
- Full Accrual Accounting Including Depreciation
- Management’s Discussion and Analysis
- Capitalization of Infrastructure Assets

Management has considered the costs and benefits of adopting GASB 34 and determined that auditing the financial statements utilizing another comprehensive basis of accounting as opposed to GAAP makes fiscal sense for the Town.

Although the AUD does not require the reporting of modified budget information, a budget to actual comparison has been included in these financial statements for each applicable fund.

The following is a summary of significant accounting policies:

A. Financial Reporting Entity

The Town of Clifton Park, New York, primary government, was incorporated in 1828, and is governed by the Charter of the Town of Clifton Park, the Town law and other general laws of the State of New York and various local laws and ordinances. The Town Board is the legislative body responsible for the overall operation of the Town and consists of the Supervisor and four council members. The Supervisor serves as chief executive officer and chief fiscal officer of the Town.

The Town provides the following basic services: public safety, police protection, parks and recreation, sewer, water, lighting and highway maintenance.

The financial reporting entity includes all funds, account groups, functions and organizations over which the Town Officials exercise oversight responsibility. Oversight responsibility is determined on the basis of financial interdependency, selection of governing authority, designation of management, and ability to significantly influence operations and accountability for fiscal matters.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Financial Reporting Entity (Continued)

The reporting entity of the Town is based upon criteria set forth by GASB Statement No. 14, *The Financial Reporting Entity*. As required by OSC guidelines, the AUD of the reporting entity includes the Town (the primary government) and its blended component units. The Town has determined it has no blended component units based on the criteria set forth in GASB Statement 14. The following potential component units were excluded from the reporting entity:

Clifton Park Water Authority - This potential component unit has a separate appointed board and provides service to residents, generally within the geographic boundaries of the government. Although the Town Board appoints the board of the potential component unit, it is excluded from the reporting entity because the Town does not have the ability to exercise influence or control over their daily operations, approve their budget, is not required to provide funding, and is not responsible for their debt.

Fire Districts - There are several fire districts which provide services to residents of the Town. Real property taxes for these districts are levied with the Town property tax levy. These districts are separate legal entities with separate governing boards and are not fiscally dependent on the Town. Therefore, they are excluded from the reporting entity.

In conformity with OSC guidelines, the financial statements of the following component unit have been excluded from the AUD as a discretely presented unit because it is not a blended component unit and issues separate financial statements.

Industrial Development Agency

The Town of Clifton Park Industrial Development Agency (the Agency) is a Public Benefit Corporation created by state legislation to promote the economic welfare, recreation opportunities and prosperity of the Town inhabitants. Members of the Agency are appointed by the Town Board which exercises no oversight responsibility. The Agency members have complete responsibility for management of the Agency and accountability for fiscal matters. The municipality is not liable for Agency bonds or notes.

Complete financial statements of the component unit can be obtained directly from their administrative office.

The Town of Clifton Park
Industrial Development Agency
One Town Hall Plaza
Clifton Park, New York 12065

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation

The accounts of the Town are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for within a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The following fund types and account groups are used:

Governmental Fund Types

Governmental funds are those through which most governmental functions of the Town are financed. The acquisition, use and balances of the Town's expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus of the governmental funds is upon determination of financial position and changes in financial position. The following are the Town's governmental fund types:

- a. General Fund - To account for all unrestricted resources except for those required to be accounted for in another fund. It operates within the financial limits of an annual budget adopted by the Town Board.
- b. Special Revenue Funds - To account for the proceeds of special revenue resources other than major capital projects or to finance specified activities as required by law or administrative regulations. Funds operate within the financial limits of an annual budget adopted by the Town Board and consist of the following:
 - 1) Lighting District Fund - The Lighting District Fund is used to record the taxes levied in the lighting district and the expenditures made to the utility company providing the lighting for the district.
 - 2) Water District Fund - The Town has a total of six water districts; two operating water districts and four districts which have been created for the sole purpose of paying for the debt to establish these districts. The most recent district was created in 2005. The Clifton Park Water Authority and the Town of Ballston provide the water service.
 - 3) Park District Funds - There are thirteen park districts throughout the Town. Each district levies taxes on property owners within the District. Expenditures are made for maintenance and equipment for the District.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Governmental Fund Types (Continued)

b. Special Revenue Funds (Continued)

- 4) Sewer District Funds - The Town has eight operating sewer districts. Their revenues are obtained from property taxes.
- 5) Refuse and Garbage District Fund - The Town established the Clifton Knolls Refuse and Garbage District. Taxes are levied on property owners within the District. Expenditures are made for the collection of brush and leaves within the District.
- 6) Highway Fund - Used to account for the revenues and expenditures for repairs and improvements to town highways; purchase, repair, maintenance and storage of highway machinery; tools and equipment, pursuant to Section 133 of the Highway Law; controlling weeds and brush along highway and snow removal for highways.
- 7) Special Grant Fund - Section 8 Housing - Used to account for funds received from the federal government to operate a public housing program for eligible low-income families and the elderly through an authorized public housing agency.
- 8) Library Fund - Used to account for the funds received and then transferred to the Clifton Park/Halfmoon Library for the proportionate share of the Town of Clifton Park.
- 9) Ambulance Fund - This fund is used to account for the amount raised in real estate taxes and user fees and then transferred to the Ambulance Companies that operate in the Town.
- 10) Fire Protection Fund - This fund is used to account for the amount raised in real estate taxes and then transferred to the Clifton Park Water Authority.

c. Capital Projects Fund - used to account for financial resources to be used for the acquisition or construction of major capital facilities.

d. Fiduciary Funds

Agency Funds - Agency funds are used to account for money (and/or property) received and held in the capacity of trustee, custodian or agent.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Governmental Fund Types (Continued)

e. Accounts Groups

Account groups are used to establish accounting control and accountability for general long-term debt and general fixed assets. They are concerned with measurement of financial position and not results of operations.

- a. The Non-Current Governmental Assets Account Group - used to account for land, buildings, improvements other than buildings, and equipment utilized for general government purposes.
- b. The Non-Current Governmental Liabilities Account Group - used to account for all long-term debt except for debt. Also included are the estimated compensated absences liability of the Town.

C. Basis of Accounting/Measurement Focus

Basis of accounting refers to when revenues and expenditures/expenses and the related assets and liabilities are recognized in various funds and account groups. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus. Measurement focus is the determination of what should be measured, i.e. expenditures or expenses.

1. Governmental Funds - The modified accrual basis of accounting is followed by the governmental funds. Under this basis of accounting, revenues are recorded when susceptible to accrual, i.e. both measurable and available. Available means collectible within the current period or soon enough thereafter, within 60 days, to be used to pay liabilities of the current period.

Material revenue sources considered susceptible to accrual include real property taxes, State and Federal aid, sales tax and certain use charges in the special revenue funds. For those types of revenue sources, such as grants, where expenditures are the prime factors for determining eligibility, revenues are recognized when the expenditure is made.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting/Measurement Focus (Continued)

Expenditures are recorded when the fund liability is incurred except that:

- a. Expenditures for prepaid expenses or inventory-type items are recognized at the time of the disbursement.
- b. Principal and interest on indebtedness are recognized as an expenditure when due.
- c. Compensated absences, such as vacation and sick leave which vest or accumulate, are charged as an expenditure when paid.
- d. Pension costs are recognized as an expenditure when due.

D. Property Taxes and Collections

Town real property taxes are levied together with Saratoga County property taxes annually no later than January 1 and become a lien on April 1. Taxes for County purposes are levied together with taxes for Town and special district purposes as a single bill.

The Town is responsible for collecting Town and County taxes; however, the Town is authorized to satisfy its entire tax roll from the first taxes collected. The balance and subsequent collections are remitted to the County and the County is responsible for the collection of delinquent taxes.

E. Budgetary Data

1. Budget Policies

- a. The budget policies of the primary government are as follows:
 - 1) No later than September 30, the Budget Officer submits a tentative budget to the Town Clerk for the fiscal year commencing the following January 1. No later than October 5, the Town Clerk submits a tentative budget to the Town Board. The tentative budget includes proposed expenditures and the proposed means of financing for all funds of the Town.
 - 2) After public hearings are conducted to obtain taxpayer comments, no later than November 20, the Legislature adopts the budget.
 - 3) All revisions that alter appropriations of any department or fund must be approved by the Town Board, except for interdepartmental adjustments less than \$5,000 which may be approved by the Comptroller.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgetary Data (Continued)

2. Encumbrances

Encumbrances are reservations of the fund balance for outstanding purchase commitments. Expenditures for such commitments are recorded in the period in which the liability is incurred.

3. Budget Basis of Accounting

Budgets are adopted annually on a basis consistent with the OSC accounting guidelines. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

F. Cash and Investments

The Town's investment policies are governed by State statutes. In addition, the Town has its own written investment policy. Monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. Demand accounts and certificates of deposit are authorized to be used. Permissible investments include obligations of the U.S. Treasury and U.S. agencies, and obligations of New York State or its localities.

Collateral is required for demand deposits and certificates of deposit not covered by federal deposit insurance. Obligations that may be pledged as collateral include obligations of the United States and its agencies and obligations of the State of New York, its municipalities and school districts.

G. Capital Assets

Capital assets with an original cost of \$1,000 or more and an estimated useful life of two years or more are reported at historical costs, or estimated historical cost if actual is unavailable.

Fixed assets purchased for general governmental purposes are recorded as expenditures in the governmental funds.

H. Deferred Compensation Plan

Employees of the Town may elect to participate in the Town's Deferred Compensation Plan created in accordance with the Internal Revenue Code Section 457. The Plan, available to all employees, permits them to defer a portion of their salary until future years, usually after retirement.

Under the terms of the amended Plan agreement, these monies are no longer subject to the claims of the Town's general creditors.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Compensated Absences

Under the terms of contractual agreements and Town policy, substantially all employees are entitled to accrued vacation and sick leave up to specified maximum amounts. Upon termination or retirement specified amounts are paid to eligible employees.

Payment of vacation and sick leave recorded in the Long-Term Debt Account Group is dependent upon many factors; therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payment of vacation and sick leave.

Estimated vacation and sick leave accumulated by governmental fund type employees and additional salary related payments have been recorded in the Long-Term Debt Account Group.

J. Retirement Plans

The Town provides retirement benefits for its employees through contributions to the New York State and Local Employees' Retirement System. The system provides various plans and options, some of which require employee contributions.

K. Other Postemployment Benefits ("OPEB")

In addition to providing pension benefits, the Town also provides certain health care benefits for retired employees and their dependents. Substantially all of the Town employees may become eligible for those benefits if they reach normal retirement age while working for the Town.

Effective for the year ended December 31, 2008, Governmental Accounting Standards Board Statement No. 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions" ("GASB 45") requires the Town to recognize the cost of pension benefits to be reflected in the financial statements in the periods in which the exchange occurs rather than in the periods when the benefits are paid. GASB 45 requires the services of an actuary to calculate current OPEB costs and to amortize prior service costs over a period not to exceed thirty years. The expense recognized under this policy would be significantly larger than prior practice which recognized expense on a pay-as-you-go basis.

The Town has evaluated the costs and benefits of adopting GASB 45 and determined that at this time the cost outweighs the benefit. Therefore, the Town has continued to recognize OPEB costs on a pay-as-you-go basis, which is not in accordance with generally accepted accounting principles. The amount that would be recorded in the long-term debt account group had GASB 45 been adopted is not known.

OPEB costs recognized as incurred was approximately \$600,000 in 2011 for 40 retirees.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Estimates

The preparation of the regulatory basic financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from these estimates. The significant estimates included in the regulatory basis financial statements include the estimate of claims incurred but not reported for the self-insured workers' compensation and medical plans. It is reasonably possible that the estimates noted above will change in the near term due to one or more future events which would be material to the regulatory basic financial statements.

The Town has not provided for a complete estimate of sales tax revenue because the available information does not report the final adjustments, if any, that may be imposed by the State as a result of their tax enforcement procedures.

M. Self-Insurance

1. Workers' Compensation

The Town participates in the County's self-insurance pool (the Plan) to cover under the Workers' Compensation Law. Other cities, towns, villages, fire districts, youth commissions and public benefit corporations within the County of Saratoga can participate. Each participant is billed by the Plan for their share of the estimated costs for the ensuing year. Any deficiencies in the amounts billed are added to next year's bill.

As described in Note 6 the Town has retained a portion of the liability for the claims it has incurred.

2. Dental Benefit Plan

The Town is self-insured for dental benefits on a cost-reimbursement basis. Under the program, the Town is responsible for claim payments.

All known claims filed and an estimate of all incurred but unreported claims existing at December 31, 2011 have been recorded as accounts payable in the general fund.

The Town establishes dental claims liabilities based on estimates of the ultimate cost of claims (including future claims adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Because actual claims costs depend on estimates of outstanding claims, the process used in computing claims liabilities does not necessarily result in an exact amount. Adjustments to claims liabilities are charged or credited to the liability in the periods in which they are made.

2. CASH AND INVESTMENTS

At year end, the book amount of the Town's deposits was \$12,608,852 and the bank balance was \$12,652,317. The insured and collateral status of the year end bank balance was as follows:

Status of Bank Balances

Covered by federal deposit insurance	\$ 2,804,551
CLASS (A)	706,498
Collateralization with securities held by third party custodians for the benefit of the Town, pursuant to third party custody agreements	<u>9,141,268</u>
Total	<u>\$ 12,652,317</u>

- (A) CLASS is a cooperative investment program pursuant to article 5G of the General Municipal Law. All investments are directed by the Agent Fiscal Officer in accordance with the Municipal Cooperation Agreement. Collateral held for repurchase agreements is held in a third party bank custodial account in the name of the Agent Participant for the benefit of the CLASS participants. The CLASS program is classified not as a depository, but an investment in accordance with section eleven of General Municipal Law, therefore, should collateral need to be liquidated, the municipality will receive a prorated share based on their investment in the program at that time.

Cash restricted in the General Fund consist of \$133,627 related to the Capital Reserve.

TOWN OF CLIFTON PARK, NEW YORK
 NOTES TO REGULATORY BASIS FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2011

3. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2011 was as follows:

	<u>Balance</u> <u>January 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>December 31, 2011</u>
Land	\$ 5,194,685	\$ 410,249	\$ -	\$ 5,604,934
Improvements Other than Buildings	7,848,008	453,253	-	8,301,261
Buildings	8,247,173	191,196	-	8,438,369
Conservation Easement	1,535,496	-	-	1,535,496
Infrastructure (A)	76,400	-	-	76,400
Machinery & Equipment	<u>7,948,888</u>	<u>623,955</u>	<u>144,407</u>	<u>8,428,436</u>
Total	<u>\$ 30,850,650</u>	<u>\$ 1,678,653</u>	<u>\$ 144,407</u>	<u>\$ 32,384,896</u>

(A) Infrastructure consists of a water tower.

4. PREPAID EXPENSES

The Town elected to prepay its required contributions to the New York State and Local Employees' Retirement System. The prepayment is equal to \$902,271 as of December 31, 2011. The balance of prepaid expenses at December 31, 2011 consists of:

<u>Fund</u>	<u>Amount</u>
General	\$ 608,166
Highway	323,670
Sewer	15,049
Capital Projects	<u>3,167</u>
Total	<u>\$ 950,052</u>

In addition, the balance of prepaid expenses in the general fund consists of:

<u>Description</u>	<u>Amount</u>
Retirement	\$ 563,602
Insurance	34,809
Other	<u>9,755</u>
Total	<u>\$ 608,166</u>

5. SHORT-TERM DEBT

Liabilities for bond anticipation notes (BANs) for construction are accounted for in the capital projects fund. Principal payments on any outstanding BANs that the Town has must be made annually. State law requires that BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date. However, BANs issued for assessable improvement projects may be renewed for period's equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

The following is a summary of changes in BAN's outstanding at December 31, 2011:

BAN's Outstanding, January 1, 2011	\$ 1,709,000
BAN's Issued	-
BAN's Redeemed	<u>(1,709,000)</u>
BAN's Outstanding, December 31, 2011	<u><u>\$ -</u></u>

6. LONG-TERM DEBT

The following is a summary of changes in long-term debt outstanding at December 31, 2011:

	<u>Payable</u> <u>1/1/11</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Other Net</u> <u>Increase</u> <u>(Decrease)</u>	<u>Payable</u> <u>12/31/11</u>
Serial Bonds (a)	\$ 9,416,000	\$ 1,358,300	\$ (409,000)	\$ -	\$ 10,365,300
Judgments and Claims (b)	100,000	-	-	-	100,000
Worker's Compensation (c)	35,000	-	-	-	35,000
Post Closure Landfill					
Monitoring (d)	200,000	-	-	-	200,000
Compensated Absences (e)	909,271	-	-	156,088	1,065,359
Installment Purchase (f)	932,491	399,295	(141,770)	-	1,190,016
Dental Claims (g)	<u>6,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,000</u>
Total	<u>\$ 11,598,762</u>	<u>\$ 1,757,595</u>	<u>\$ (550,770)</u>	<u>\$ 156,088</u>	<u>\$ 12,961,675</u>

(a) Serial Bonds

Serial Bonds - The Town borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. The provision to be made in future budgets for capital indebtedness represents the amount, exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

6. LONG-TERM DEBT (CONTINUED)

The following is a summary of serial bonds outstanding at December 31, 2011:

<u>Serial Bonds</u>	<u>Issue and Due Date</u>	<u>Interest Rate</u>	<u>Amount</u>
Sherwood Forest Sewer District	1996-2026	4.0-5.3%	\$ 97,000
Arena & Sewer Project	1995-2015	5.4-5.9%	40,000
Library (A)	1988-2013	7.55%	170,000
Sewer & Water Projects	2003-2023	4.2%	660,000
Library (A)	2005-2030	4.0-4.375%	7,885,632
Sewer & Water Projects	2005-2030	4.0-4.375%	154,368
Sewer, Water and Parks Programs	2012-2035	2.0-4.25%	<u>1,358,300</u>
Total			<u>\$ 10,365,300</u>

- (A) The Town of Clifton Park issued Library General Obligation Serial Bonds to finance construction of an addition to Clifton Park-Halfmoon Public Library. This debt is accounted for in the Library Fund. Repayment of the debt and related interest is provided for in the annual budget of the Clifton Park-Halfmoon Public Library.

The following is a schedule of principal and interest payments for future debt service requirements and the total principal and interest payment due from the Clifton Park Library as of December 31, 2011:

		<u>Due from Clifton Park Library</u>			
		<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 472,300	\$ 424,624	\$ 364,528	\$ 337,519	
2013	485,000	403,954	374,336	320,600	
2014	420,000	382,456	304,048	303,289	
2015	435,000	365,756	313,856	291,127	
2016	440,000	348,507	328,568	278,573	
2017-2021	2,492,000	1,468,135	1,863,520	1,183,954	
2022-2026	2,831,000	938,184	2,295,072	770,123	
2027-2031	2,575,000	330,000	2,211,704	242,834	
2032-2035	<u>215,000</u>	<u>20,860</u>	-	-	
Total	<u>\$ 10,365,300</u>	<u>\$ 4,682,476</u>	<u>\$ 8,055,632</u>	<u>\$ 3,728,019</u>	

- (b) Judgment and Claims

Several tax certiorari actions are pending against the Town for reductions in the assessed value of various properties. The petitions are for taxes collected from 1996-2010. Management believes that the likelihood of a reduction is probable. Provisions for losses for taxes collected from 1996-2010 for those cases are recorded in the Long-Term Debt Account Group.

6. LONG-TERM DEBT (CONTINUED)

(c) Workers Compensation

The Town participates in the County's self-insurance pool for workers compensation. Under terms of the Plan the Town retains liability for the portion of a claim that is estimated to exceed the shared liability limit. The Town has determined the estimated value for this potential loss and recorded the liability in the Long-Term Debt Account Group.

(d) Post Closure Landfill Monitoring

The Town of Clifton Park entered into an Order of Consent with the Department of Environmental Conservation (DEC) on April 30, 1991 for the purpose of ensuring the proper maintenance and future closure of the Town's landfill. This order includes specific requirements and deadlines for the Town to follow and meet or they could be subject to penalties. The Town ceased accepting refuse after October 1, 1991 in accordance with the consent order. The status of compliance with the consent order is subject to review by the Department of Environmental Conservation. The current estimated liability for post closure care costs of the landfill is approximately \$200,000. However, the actual cost of post closure care may be higher due to inflation, changes in technology or changes in landfill laws and regulations. The liability is recorded in the Long-Term Debt Liabilities Account Group and is funded in the general fund through current appropriations.

(e) Compensated Absences

Compensated absences represents the estimated value of the earned and unused leave credits, based on current salary rates.

(f) Installment Purchase

The following is a summary of capital leases outstanding at December 31, 2011:

<u>Capital Lease</u>	<u>Lease Date</u>	<u>Term of Lease</u>	<u>Balance as of December 31, 2011</u>
Highway Equipment	09/28/2006	10 years	\$ 386,910
Highway Equipment	07/20/2007	10 years	129,115
Highway Equipment	11/12/2008	10 years	274,696
Highway Equipment	12/15/2011	7 years	399,295
Total			<u>\$ 1,190,016</u>

6. LONG-TERM DEBT (CONTINUED)

(f) Installment Purchase (Continued)

The following is a schedule of future minimum lease payments:

	<u>Principal</u>	<u>Interest</u>
2012	\$ 198,479	\$ 42,419
2013	205,701	35,197
2014	213,227	27,671
2015	221,048	19,852
2016	180,450	11,727
Thereafter	171,111	9,605
	<u>\$ 1,190,016</u>	<u>\$ 146,471</u>

(g) Dental Claims

Dental claims represents incurred but not reported claims.

7. DEFERRED REVENUE

Deferred revenues are reported on the balance sheet. Deferred revenue arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred revenue also arises when resources are received by the Town before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the Town has legal claim to the resources, the liability for deferred revenue is removed and revenue is recognized.

7. DEFERRED REVENUE (CONTINUED)

Deferred revenue consists of the following:

General Fund:		
Arena Ground Lease	\$	132,500
Arena Deferred Income		68,227
Federal & State Aid		233,046
Land Lease		164,000
Other		19,932
Total General Fund	<u>\$</u>	<u>617,705</u>
Highway Fund:		
Federal and State Aid	<u>\$</u>	<u>123,595</u>
Sewer Fund:		
Sewer Rents	<u>\$</u>	<u>71,375</u>
Capital Projects Fund:		
Federal and State Aid	<u>\$</u>	<u>832,883</u>

8. INTERFUND RECEIVABLES AND PAYABLES/INTERFUND TRANSFERS

Interfund receivables and payables at December 31, 2011 were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>	<u>Operating Transfer Revenue</u>	<u>Operating Transfer Expense</u>
General Fund	\$2,164,125	\$ 2,287	\$ -	\$3,799,698
Highway Funds	55,173	288,430	3,785,716	-
Capital Projects	-	1,228,164	13,982	-
Park Districts	1,705	88,890	-	-
Sewer Districts	18,731	49,354	-	-
Water Districts	11,085	159,329	-	-
Refuse & Garbage	-	57,294	-	-
Ambulance	-	368,000	-	-
Trust & Agency	214	9,285	-	-
Total	<u>\$2,251,033</u>	<u>\$2,251,033</u>	<u>\$3,799,698</u>	<u>\$3,799,698</u>

9. FUND BALANCE

As of December 31, 2011, the Town implemented GASB 54 “Fund Balance Reporting and Governmental Fund Type Definitions.”

GASB 54 defines five categories of fund balance as follows:

- **Nonspendable** fund balance includes amounts that cannot be spent because they are either not in spendable form or contractually required to be maintained intact.
- **Restricted** fund balance includes amounts restricted when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.
- **Committed** fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town Board. The Town had no committed fund balances at December 31, 2011.
- **Assigned** fund balance includes amounts that are constrained by the Town’s intent to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include funds that are legally mandated to be accounted for separately as well as amounts that have been contractually obligated by the Town or designated by the Town for ensuing year’s budget.
- **Unassigned** fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the fund.

Fund balances for major funds are detailed as follows:

	<u>General Fund</u>	<u>Highway Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>
Nonspendable				
Prepaid Expenses	\$ 608,166	\$ 323,670	\$ -	\$ 15,049
Restricted				
Water	44,924	-	-	-
Open Space	88,703	-	-	-
Debt Service	-	-	-	29,830
	<u>133,627</u>	<u>-</u>	<u>-</u>	<u>29,830</u>
Assigned				
Encumbrances	86,892	-	-	-
Subsequent Years Budget	657,849	70,745	-	8,847
Stabilization	2,000,000	-	-	-
Capital	338,327	-	-	-
Grooms Tavern	15,389	-	-	-
Highway Fund	-	55,429	-	-
Sewer Fund	-	-	-	1,287,711
	<u>3,098,457</u>	<u>126,174</u>	<u>-</u>	<u>1,296,558</u>
Unassigned	<u>7,017,142</u>	<u>-</u>	<u>(17,664)</u>	<u>-</u>
Total	<u>\$ 10,857,392</u>	<u>\$ 449,844</u>	<u>\$ (17,664)</u>	<u>\$ 1,341,437</u>

10. PENSION PLANS

The Town of Clifton Park participates in the New York State and Local Employees' Retirement System (ERS) and the Public Employees' Group Life Insurance. The Plans are a cost sharing multiple-employer and public employee retirement system. The System offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability.

Plan Description

The New York State and Local Employees' Retirement System provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York serves as sole trustee and administrative head of the Systems. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the Systems and for the custody and control of its funds. The Systems issue a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany.

Funding Policies

The ERS is noncontributory except for employees who joined the System after July 27, 1976 who contribute 3% of their salary, until such time as they obtain ten years of service credit and employees who joined after January 1, 2010 who generally contribute 3% of their salary for the entire length of service. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll members, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund.

The Town is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were:

	<u>ERS</u>
2011	\$ 902,271
2010	\$ 650,166
2009	\$ 393,301

The Town's contributions made to the Systems were equal to 100 percent of the contribution.

11. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Balance

Capital projects had deficits totaling \$795,397 at December 31, 2011; this deficit is caused by allowing contracts for projects prior to recognizing the available revenues for the projects. The revenues will be recognized when eligible costs have been incurred and they are available.

11. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

The Water Fund currently has a deficit of \$17,664. This deficit has occurred from the General Fund loaning money to the Water Fund in order to pay for excess capacity in the construction of a water line. This excess capacity will be repaid to the General Fund when new users are approved and added to the water line. There were no repayments to the excess capacity in 2011.

Overdrawn Appropriations

Expenditures for the year ended December 31, 2011 exceeded appropriations as follows:

Water Fund:		
Home and Community Services	\$	11,112
Debt Service	\$	4,222

12. SUBSEQUENT EVENTS

Management has evaluated subsequent events or transactions as to any potential material impact on operations or financial position occurring through September 21, 2012, the date the financial statements were available to be issued. A new water district was created in June 2012.

13. COMMITMENT AND CONTINGENCIES

The Town has received significant amounts of Federal and State grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Based on prior experience, the Town believes such disallowance, if any, will be immaterial.

The Town has leased the arena to a management company. As part of the agreement the Town has granted a mortgage on the arena for the purpose of expanding the facility. The Town is not obligated to repay the debt incurred by the lease, except to the extent of the collateral given.

The Town is exposed to various risks of loss related to torts; theft of; damage to; and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Town has purchased commercial insurance, for all risk above, with minimal deductible amounts except for certain health benefits insurance and workers' compensation insurance. Settled claims have not exceeded the commercial coverage by any material amounts during the year ended December 31, 2011. There was no reduction in insurance coverage during 2011. An estimate of liability is recorded at December 31, 2011 for outstanding claims or for any potential claims incurred but not reported as of that date in the Non-current Governmental Liabilities Account Group for all other risks.

In February 2008, the Town signed an intermunicipal agreement with the Town of Halfmoon to design and construct a hiking and biking trail at the estimated cost of \$2,100,000.

**OTHER FINANCIAL INFORMATION
ADDITIONAL REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS
AND OMB CIRCULAR A-133**

TOWN OF CLIFTON PARK, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011

<u>Federal Grantor/Program Title</u>	<u>CFDA Federal Number</u>	<u>Awards</u>
<u>U.S. Department of Housing and Urban Development</u> Section 8 Housing Choice Vouchers	14.871	\$ 327,362
<u>U.S. Department of Homeland Security</u> Passed Through New York State Emergency Management Office	97.036	154,273
Federal Emergency Management Agency Assistance Citizens Corp.	97.053	10,288
<u>U.S. Department of Energy</u> Energy Efficiency and Conservation Block Grant Program (ARRA)	81.128	149,200
Passed Through the New York State Energy Research and Development Authority (ARRA)	81.128	26,048
<u>U.S. Department of Transportation</u> Passed Through the New York State Department of Transportation (ARRA)	20.205	51,942
Recreational Trails Program	20.219	<u>25,553</u>
Total Expenditures of Federal Awards		<u>\$ 744,666</u>

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards was prepared on the modified accrual basis of accounting. Grant awards are recorded as revenue when the criteria for earning the revenue is met and are available, generally when the expenditure of grant funds is made. Grant expenditures are recorded when the liability is incurred. The information in this schedule is presented in accordance with requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Relationship to Financial Statements

Federal awards revenue is reported in the Town of Clifton Park, New York's financial statements as follows:

General Fund	53,259
Highway Fund	105,895
Capital Projects	252,743
Sewer Fund	5,407
Special Grant	<u>327,362</u>
Federal Aid Per Schedule of Expenditures of Federal Awards	<u>\$ 744,666</u>

2. SCOPE OF AUDIT PURSUANT TO OMB CIRCULAR A-133

Town of Clifton Park, the primary government, is an independent municipal corporation. All federal grant operations of the primary government are included in the scope of the single audit.

**ADDITIONAL REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF REGULATORY BASIS
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Supervisor and
Members of the Town Board
Town of Clifton Park, New York

We have audited the regulatory basis financial statements of the Town of Clifton Park, New York as of and for the year ended December 31, 2011, and have issued our report thereon dated September 21, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Clifton Park, New York's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Clifton Park, New York's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, others within the Town, and the Town Board and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Cusack & Company, CPA's LLC". The signature is written in a cursive, flowing style.

CUSACK & COMPANY, CPA'S LLC

Latham, New York
September 21, 2012

CUSACK & COMPANY
Certified Public Accountants LLC
7 AIRPORT PARK BOULEVARD
LATHAM, NEW YORK 12110
(518) 786-3550
FAX (518) 786-1538
E-MAIL ADDRESS: INFO@CUSACKCPA.COM
WWW.CUSACKCPA.COM

CLIFTON PARK/HALFMOON OFFICE
(518) 664-7063
FAX (518) 541-3083

MEMBERS OF:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
AND
NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

To the Supervisor and
Members of the Town Board
Town of Clifton Park, New York

Compliance

We have audited the compliance of the Town of Clifton Park, New York with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2011. The Town of Clifton Park, New York's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the Town of Clifton Park, New York's management. Our responsibility is to express an opinion on the Town of Clifton Park, New York's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Clifton Park, New York's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Town of Clifton Park, New York's compliance with those requirements.

In our opinion, the Town of Clifton Park, New York complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 2011.

Internal Control Over Compliance

Management of the Town of Clifton Park, New York is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town of Clifton Park, New York's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information and use of management, others within the Town, the Town Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



CUSACK & COMPANY, CPA'S LLC

Latham, New York
September 21, 2012

TOWN OF CLIFTON PARK, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2011

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: Qualified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes x no

Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes x none reported

Noncompliance material to financial statements noted? _____ yes x no

FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified? _____ yes x no

Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes x none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? _____ yes x no

Identification of major programs.

<u>CFDA NUMBER(S)</u>	<u>NAME OF FEDERAL PROGRAM OR CLUSTER</u>
14.871	Section 8 Housing Choice Vouchers
81.128	Energy Efficiency and Conservation Block Grant Program (ARRA)

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? _____ yes x no

SECTION II - FINANCIAL STATEMENT FINDINGS

There were no findings for the year ended December 31, 2011.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings for the year ended December 31, 2011.